



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
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First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

December 17, 2009

To: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to be "W. T. Fujioka", is written over the printed name and title.

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION SUPPLEMENTAL TARGETED ADJUSTMENT FOR RETIREES COST OF LIVING ADJUSTMENT FUNDING POLICY

This is to advise you that at its regular meeting on December 9, 2009, the Los Angeles County Employees Retirement Association (LACERA), Board of Investments approved to continue its policy regarding the treatment of Supplemental Targeted Adjustment for Retirees (STAR) Cost of Living Adjustment (COLA) reserves. On a vote of five to three, the Board of Investments will continue to count STAR COLA reserves as pension valuation assets to the extent these reserves are not needed to pay STAR COLA benefits to retirees.

As a result of continuing this policy, in Fiscal Year (FY) 2010-11, the County will avoid approximately \$40 million in additional pension contributions. This decision is legally supported and does not impact the intended purpose for the STAR COLA. In addition, no commitments were made beyond FY 2010-11 regarding the reserves, and the policy will be re-evaluated after one year by the Board of Investments.

We would like to thank your Board for your support in this matter. Please let me know if you have any questions, or your staff may contact Bill Lynes at (213) 974-2486.

WTF:SK
CA:yjf

c: Wendy L. Watanabe, Auditor-Controller
Robert E. Kalunian, Acting County Counsel

"To Enrich Lives Through Effective And Caring Service"

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